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Before the  
Federal Communications Commission  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Application by Verizon New England )  
Inc., Bell Atlantic Communications ) CC Docket No. 01-9  
Inc. (d/b/a Verizon Long Distance), NYNEX )  
Long Distance Company )  
(d/b/a Verizon Enterprise Solutions) and Verizon )  
Global Networks Inc. for Authorization To )  
Provide In-Region, InterLATA Services )  
in Massachusetts )

**COMMENTS OF THE TELECOMMUNICATIONS ADVOCACY PROJECT  
IN SUPPORT OF VERIZON S REQUEST  
FOR AUTHORITY TO PROVIDE LONG DISTANCE  
SERVICE IN MASSACHUSETTS**

**I. Introduction**

The Telecommunications Advocacy Project (TAP) is a Washington, DC based non-profit organization created to advocate for historically disadvantaged communities and small businesses with regard to telecommunications policy. Operating since 1997, TAP has previously filed comments and presented testimony with the Federal Communications Commission (FCC) on various telecommunications issues. TAP advocates for policies and regulations that promote competition in the telecommunications industry and ensure available, affordable services for disadvantaged communities and consumers in general.

Last year, TAP convened its "National Tour on Closing the Digital Divide" to address the gap in access to telecommunications and information technologies based on race, income, education and geography. One stop on the tour was New York City, where Verizon participated in a round

table discussion, and discussed their entry into the long distance market in the state of New York, and how it would serve inner city residents of the that state. During that discussion, Verizon introduced initiatives that would bring minority businesses and incumbent telecommunications providers together to increase the availability of telecommunications services and infrastructure, particularly broadband networks, to disadvantaged communities. Based on this dialogue and Verizon's filings in this proceeding, TAP supports FCC approval of the Verizon Communications application to provide long distance service in Massachusetts, pursuant to Section 271 of the Telecommunications Act of 1996. 47 U.S.C. §271.

## **II. Standard of Review**

To obtain authorization to provide in-region, interLATA services under Section 271, the Bell Operating Company (BOC) must show, with respect to each state for which it seeks authorization, that: (1) it satisfies the requirements of either Section 271(c)(1)(A) known as "Track A" or 271(c)(1)(B), known as "Track B"; (2) it has fully implemented the competitive checklist or that the statements approved by the state under Section 252 satisfy the competitive checklist contained in Section 271(c)(2)(B); (3) the requested authorization will be carried out in accordance with the requirements of Section 272; and (4) the BOC's entry into in-region, interLATA market is consistent with the public interest, convenience and necessity.<sup>1</sup> TAP believes that Verizon has met these statutory requirements.

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1. *See In the Matter of Joint Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma, Memorandum Opinion and Order*, CC Docket No. 00-217, at ¶8 (adopted January 22, 2001).

Furthermore, Section 706 of the Act also should guide the Commission's decision in this matter. This section authorizes the FCC to use measures that "promote competition in the local telecommunications market or other regulating methods to remove barriers to infrastructure investment" with regard to high-speed networks that enable widespread broadband deployment.<sup>2</sup> The FCC can achieve these objectives in Massachusetts by increasing competition for local and long distance service and promoting widespread broadband deployment. The increased competition will benefit consumers in Massachusetts by ensuring access to affordable, high quality services and new telecommunications technologies. TAP encourages the FCC to act in a manner that promotes the spirit and intent of the Telecommunications Act, which advances competition and reduces regulation to secure lower prices and higher quality services for American telecommunications consumers, and encourage the rapid deployment of new telecommunications technologies. The FCC should seize this opportunity to implement the mandate of the Telecommunications Act by approving Verizon's application to provide long distance service in Massachusetts.

### **III. Verizon Has Spurred Competition in the Local Exchange Market in Massachusetts.**

Regarding competition in the local exchange market in Massachusetts, Verizon's competitors are now serving approximately 800,000 lines, more than 18% of the retail lines in the state. This level of penetration in the market by competitors is greater than in New York or Texas when 271 applications were filed and approved in those states. In its application to the FCC, Verizon provided detailed documentation demonstrating that the company provides competitors non-discriminatory access to its telephone lines, in compliance with the 14-point checklist of requirements for long

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2. 47 U.S.C. §157.

distance entry under Section 271(c). Also, The Massachusetts Department of Telecommunications and Energy (DTE) conducted a thorough review for over 16 months to determine whether Verizon had met the requirements of the Telecommunications Act for ensuring the local exchange market is open to competition.<sup>3</sup> The review consisted of extensive testing and scrutiny of Verizon's systems and procedures, including public proceedings with competing local exchange carriers. The DTE emphatically concluded that "the local exchange market in Massachusetts is irreversibly open to competition" and "Verizon has met the requirements of Section 271(c) of the Telecommunications Act of 1996 in Massachusetts", thereby recommending to the FCC that Verizon be permitted to enter the long distance market. To ensure future competition, the DTE has set up a performance assurance plan that places \$142 million in bill credits at risk annually as an incentive for Verizon to maintain open competition in the local exchange market after receiving permission to enter the long distance market.

Verizon's application demonstrates that it has met the 14-point competitive checklist. As the Commission has previously found, meeting this criteria is *prima facie* evidence that barriers to competitive entry in the local market have been removed and the local exchange market today is open to competition.<sup>4</sup>

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3. Evaluation of the Massachusetts DTE in the Matter of Application by Verizon for Authorization to Provide In-Region, InterLATA Services in Massachusetts.
  4. *In the Matter of Application by Bell Atlantic New York for Authorization under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York, Memorandum Opinion and Order*, 15 FCC Rcd 3953 at ¶426 (1999) (*Bell Atlantic New York Order*).

#### **IV. Verizon will Enhance Competition in the Long Distance Market.**

Regarding long distance competition, TAP has supported regulatory policies that allow BOCs to enter the market and compete with incumbent long distance carriers on a level playing field. Without the entry of major new competitors for long distance service, incumbent carriers have less incentive to provide more innovative calling plans and compete for low volume users. There is also less incentive for incumbent carriers to aggressively expand into the local telephone market and offer bundled services that lower the total cost of local and long distance. Consumer choices are limited to less efficient service, fluctuating price schemes and minimum payment plans. There exists no viable competition other than BOCs to exert pressure on incumbent carriers for more consumer choices and lower costs. BOCs can compete for low volume users by offering low-cost calling plans with no monthly or minimum usage fees, and provide low-cost bundled services and innovative plans to meet the particular needs of consumers and businesses. TAP also supports competition by BOCs because these companies are in the best position to provide a broad range of telecommunications services to disadvantaged areas at reasonable cost and efficiency. For the most part, BOCs have networks already in place in inner cities and rural areas, and have a long history of providing low-cost, efficient service to disadvantaged areas.

Indeed, the Commission has found that a BOC's entry into the long distance market will benefit consumers and competition if the relevant local exchange market is open to competition consistent with the competitive checklist, and that additional competition in telecommunications markets will enhance the public interest.<sup>5</sup>

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5. *Id.* at ¶428.

**V. Verizon Has a Positive History of Providing Long Distance Service.**

Verizon's recent history of long distance service in New York is the best and most compelling evidence of the benefits from competition by BOCs that would be available to consumers in Massachusetts. In December 1999 in New York, Verizon (then Bell Atlantic) made history by becoming the first BOC to receive approval by the FCC to provide long distance service,<sup>6</sup> and therefore was able to provide one-stop shopping for domestic and international telecommunications services to all of its customers. Verizon challenged its major competitors by introducing several affordable and innovative calling plans, including bundled service options and a low-cost plan for low volume users. Known as the "Timeless Calling Plan", it provides a flat, low rate of 10 cents per minute with no monthly or minimum usage fees, and consumers are automatically enrolled if they fail to select a more customized plan. Verizon also introduced several customized plans with competitive rates as low as 5 cents per minute during off-peak hours. For consumers looking for bundled service options, Verizon was uniquely positioned to offer a combination of services that meet the particular needs of consumers and lower the total cost for these services.

In response to this major new competition in New York, AT&T, MCI/WorldCom and Sprint were forced to expand their services and offer more affordable and innovative plans. After Verizon entered the long distance market, these companies aggressively expanded into the local telephone market and introduced special, low-cost bundled services to give their customers more options. The new competitive environment totally reshaped the New York telecommunications market and greatly benefitted consumers. According to a study of telephone competition in New York by the

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6. *Id.* The Commission did not require Bell Atlantic to make a substantial additional showing that its participation in the long distance market will produce public interest benefits.

Telecommunications Research and Action Center,<sup>7</sup> the new competition has resulted in New York residential customers saving up to \$217 million dollars annually, with about half the savings for long distance customers and the other half for local phone customers. Consumers switching to Verizon for long distance service are saving up to \$120 annually, and consumers switching local service to AT&T, MCI/WorldCom, Sprint and other local service companies are saving up to \$96 annually. In the first eight months since Verizon entered the long distance market, the study also found that more than one million residential customers switched to Verizon for long distance service while an equal number switched their local service to AT&T, MCI/WorldCom, Sprint and other local service companies. This study clearly shows that Verizon's entry into the long distance market in New York has resulted in robust competition and significant consumer savings in both long distance and local phone service. As in New York, consumers in Massachusetts will also receive considerable benefits from lower costs, more innovative plans and bundled service options resulting from Verizon entry into the long distance market.

Moreover, TAP recognizes other benefits from Verizon's expanded presence in the telecommunications market in Massachusetts and elsewhere. As Verizon deploys its broad range of telecommunications services, including broadband networks, small businesses will also benefit from lower costs and more choice, innovation and efficiency. Small businesses will have the option of purchasing all their telecommunications services from one provider and will be in a stronger position to secure affordable rates and plans that meet their specific business needs. Enhanced telecommunications capabilities are crucial to many small businesses in delivering higher levels of

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7. Telecommunications Research and Action Center, A Study of Telephone Competition in New York, Sept. 6, 2000.

customer service and offering competitive pricing for their goods or services. Better and more affordable telecommunications services resulting from increased competition will improve the bottom lines of the small business sector, which is the backbone of the local economy.

TAP also acknowledges that Verizon has a commitment to supplier diversity and a solid record of providing subcontracting and vendor opportunities to minority businesses. In addition, Verizon has a diverse workforce and a solid record of hiring and promoting minority executives. Verizon has been a good corporate citizen with effective community outreach programs and numerous sponsorships and charitable contributions. This fine record of community outreach and corporate diversity is another reason why Verizon has received the support of some 75 national and state organizations for its applications to provide long distance service in Massachusetts. These organizations include: National Urban League, NAACP, National Black Chamber of Commerce, U.S. Hispanic Chamber of Commerce, League of United Latin American Citizens, National Small Business United, National Consumers League, Keep America Connected and the Alliance for Public Technology.

## **VI. Conclusion**

In conclusion, TAP urges the FCC to move forward in implementing the mandate of the Telecommunications Act of 1996 and promote competition in the telecommunications market in Massachusetts by approving Verizon's application to provide long distance service. TAP believes the application has strong merit and that approval will be in the public interest and of great benefit



to consumers in Massachusetts. As in New York, Massachusetts consumers will immediately benefit from competition generated by Verizon's entry into the long distance market. The FCC should resolve any legitimate issues expeditiously and approve Verizon's application without delay.

Respectfully submitted,

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Dated: February 6, 2001

CERTIFICATE OF SERVICE

I, Stanley R. Kelly, do hereby certify that a copy these Comments has been served on the following individuals via first-class, postage prepaid mail on February 6, 2001:

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